

SB

9

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 9

Revision Date: March 9, 1999
 Title: An Act relating to the calculation of employee contributions and credited service in the public employees' retirement system ...
 Sponsor: Senator Wilken
 Requestor: (S) L&C

Department Affected: Administration
 BRU: Centralized Administrative Services
 Component: Retirement and Benefits
 COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING EXPENDITURES | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 |
|------------------------|-------------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 72.4 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 72.4 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|----------------------|---|---|---|---|---|---|
| CAPITAL EXPENDITURES | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------------|---|---|---|---|---|---|

| | | | | | | |
|------------------------|---|---|---|---|---|---|
| CHANGE IN REVENUES () | 0 | 0 | 0 | 0 | 0 | 0 |
|------------------------|---|---|---|---|---|---|

FUND SOURCE: (Thousands of Dollars)

| | | | | | | |
|--------------------------|-------------|----------|----------|----------|----------|----------|
| 1002 Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1003 GF Match | 0 | 0 | 0 | 0 | 0 | 0 |
| 1004 GF | 0 | 0 | 0 | 0 | 0 | 0 |
| 1005 GF/Program Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1037 GF/Mental Health | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER (1029 P/E Retire) | 72.4 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 72.4 | 0 | 0 | 0 | 0 | 0 |

Estimate of any current year (FY 99) cost: \$ 0

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary.)

The \$72.4 is needed to hire contractors to update the division's computer system to accommodate the proposed changes. In addition to contractor time, division staff will dedicate time to make system changes and the impacted school districts may also need to update their systems.

This change would affect approximately 6,660 current PERS members.

Prepared by: Guy Bell
 Division: Retirement and Benefits

Phone: 465-4471
 Date: _____

Approved by Commissioner: Robert Poe, Jr. *Alison M. Elgee*
 Agency: Department of Administration

Date: 3/9/99

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks



During Session:
State Capitol, Room 510
Juneau, Alaska 99801-1182
(907) 465-3709 (v)
(907) 465-4714 (f)
www: akrepublicans.org/wilken.htm
E-mail: Senator_Gary_Wilken@legis.state.ak.us

Senate Standing Committees

Chairman: Health, Education,
and Social Services (HESS)
Vice Chairman: Transportation
Vice Chairman: Community and
Regional Affairs

Interior:
119 N. Cushman St., Room 213
Fairbanks, Alaska 99701
(907) 452-3421
Fax (907) 452-3426

Special Committee

Member: Administrative Regulation Review

MEMORANDUM

DATE: March 9, 1999
TO: Senator Mike Miller, Chair
Senate HESS Committee
FROM: Senator Gary Wilken
RE: Hearing Request for SB 9

I respectfully request that a hearing be held for Senate Bill 9, relating to PERS retirement credit for non-certificated public employees.

This bill addresses an inequity between the non-certificated and certificated school staff in our state. Specifically, it would provide non-certificated staff, like the certified teachers, with one year of retirement credit for working during the regular school year, typically nine months.

A very similar bill addressed the same issue last session, but died in the final minutes of the 20th Legislature in Senate Rules. Therefore, much of the work has been done on this legislation, and the near-unanimous support of this bill should easily be forwarded to this session.

Thank you for your consideration.

A handwritten signature in cursive script, reading "Gary Wilken", is located below the typed name.

SENATE COMMITTEE REPORT

DATE: 3/10/99

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 3/22/99

HESS Committee considered

SENATE BILL NO. 9

PERS CREDIT FOR NONCERTIFICATED EMPLOYEES

and recommends:

- be replaced with CS 5B9 (HES)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to the Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR#

| SIGNING <u>DO</u> PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|------------------------|-------------------------------------|-----------------------|-------------------------------------|-----|----|
| | | <i>Vote for bill</i> | <input checked="" type="checkbox"/> | | |
| <i>Gary Klob</i> | <input type="checkbox"/> | | | | |
| <i>K. K. Ellis</i> | <input checked="" type="checkbox"/> | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| CHAIR: | | | <i>Lee</i> CHAIR: | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
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PREVIOUS FISCAL NOTE(S):*

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
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APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

MAR 07 09 10E 01:01 PM 050A FAX:19075020543 PAGE 2

SPECIAL EDUCATION SERVICE AGENCY

2217 EAST TUDOR ROAD, SUITE 1 / ANCHORAGE, ALASKA 99507 / PHONE (907) 562-7372 / FAX (907) 562-0545

Good afternoon Mr. Chairman and members of the committee. My name is Christopher Robinson. I am the Executive Director of the Special Education Service Agency, otherwise known as SESA.

SESA is an instrumentality of the State of Alaska, created by the legislature in 1986 as a public organization, funded through the Department of Education.

(AS 14.30.600)

Under statute (AS 14.30.630), the duties of the agency include provision of special education services, including itinerant outreach services, to public school students and special education instructional support and training of local school district special education personnel. In addition, the SESA annual work calendar and job descriptions are similar to those found in public school districts.

On behalf of the SESA Board of Directors, I ask for your support of an amendment to Senate Bill 9 to include SESA as a participating employer.

In accordance with AS 14.30.620, "Employees of the agency are not in state service and are not subject to AS 39.25 (State Personnel Act). However, employees of the agency shall be members of either the Teachers' Retirement System (AS 14.25) or the Public Employees' Retirement System (AS 39.35)."

SESA entered into an AS 39.35.560, PERS participation agreement in September, 1986.

AS 39.35.600 states that eligible employees of a participating public organization are bound by the provisions of this system (PERS) and are entitled to the benefits provided under it.

All permanent part-time and full-time, non-certificated, SESA employees are members of PERS.

Inclusion of SESA in this legislation would provide individual SESA PERS members the benefit of choice related to how their credited service is calculated, comparable to other non-certificated public education employees.

PUBLIC EDUCATION EMPLOYEES FUNDED
A NON-PROFIT CORPORATION PROVIDING EDUCATIONAL SERVICES VIA DOE.

FISCAL NOTE

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|------------------------|-------------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 72.4 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 72.4 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|----------------------|---|---|---|---|---|---|
| CAPITAL EXPENDITURES | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------------|---|---|---|---|---|---|

| | | | | | | |
|------------------------|---|---|---|---|---|---|
| CHANGE IN REVENUES () | 0 | 0 | 0 | 0 | 0 | 0 |
|------------------------|---|---|---|---|---|---|

FUND SOURCE: (Thousands of Dollars)

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| 1004 GF | 0 | 0 | 0 | 0 | 0 | 0 |
| 1005 GF/Program Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1037 GF/Mental Health | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER (1029 P/E Retire) | 72.4 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 72.4 | 0 | 0 | 0 | 0 | 0 |

Estimate of any current year (FY 99) cost: \$ 0

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary.)

The \$72.4 is needed to hire contractors to update the division's computer system to accommodate the proposed changes. In addition to contractor time, division staff will dedicate time to make system changes and the impacted school districts may also need to update their systems.

This change would affect approximately 6,660 current PERS members.

Prepared by: Guy Bell
 Division: Retirement and Benefits

Phone: 465-4471
 Date: _____

Approved by Commissioner: Robert Poe, Jr.
 Agency: Department of Administration

Date: 3/9/99

SENATE BILL NO. 9

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY SENATORS WILKEN, Ellis

Introduced: 1/19/99

Referred: Labor and Commerce, HES, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the calculation of employee contributions and credited service
2 in the public employees' retirement system for noncertificated employees of school
3 districts, regional educational attendance areas, the Alaska Vocational Technical
4 Center, and the state boarding schools; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 39.35.160 is amended by adding a new subsection to read:

7 (c) An employee who has made an irrevocable election under AS 39.35.300(c)
8 or 39.35.310(c) to have the employee's years of service as a noncertificated employee
9 of a state boarding school, of a school district or regional educational attendance area,
10 or of the Alaska Vocational Technical Center determined by reference to AS 14.25.220
11 shall pay a contribution surcharge for that service. The amount of the surcharge is the
12 difference between the amount the employer would have had to contribute under
13 AS 39.35.250 - 39.35.290 for the employee when treating the employee's credited
14 service as service earned under AS 39.35.300(c) or 39.35.310(c) less the amount the

1 employer would have had to contribute under AS 39.35.250 - 39.35.290 without
 2 treating the employee's credited service as service earned under AS 39.35.300(c) or
 3 39.35.310(c).

4 * Sec. 2. AS 39.35.300 is amended by adding a new subsection to read:

5 (c) A noncertificated employee of the Alaska Vocational Technical Center or
 6 a state boarding school who first becomes a member of the system on or after the
 7 effective date of this Act may, within 90 days after the employee first joins the system,
 8 make an irrevocable election under this subsection to have the years of service that the
 9 employee earns as a noncertificated employee determined using the table for service
 10 on or after July 1, 1969, that is set out in the definition of "year of service" in
 11 AS 14.25.220. A noncertificated employee of the Alaska Vocational Technical Center
 12 or a state boarding school who is an active member of the system on the effective date
 13 of this Act may, within 180 days after the effective date of this Act, make the
 14 irrevocable election. A member of the system who is an inactive member on the
 15 effective date of this Act and who is later employed as a noncertificated employee of
 16 the Alaska Vocational Technical Center or a state boarding school may, within 90 days
 17 after beginning the subsequent employment, make the irrevocable election. An
 18 election under this subsection shall be made in writing on a form provided by the
 19 administrator. The election applies to the employee's service earned for the school
 20 year in which the election is accepted by the administrator and applies to all
 21 subsequent employment as a noncertificated employee of a state boarding school, a
 22 school district or regional educational attendance area, or the Alaska Vocational
 23 Technical Center. An employee who makes an election under this subsection shall pay
 24 the contribution surcharge as set out in AS 39.35.160(c).

25 * Sec. 3. AS 39.35.310 is amended by adding a new subsection to read:

26 (c) A noncertificated employee of a school district or regional educational
 27 attendance area who first becomes a member of the system on or after the effective
 28 date of this Act may, within 90 days after the employee first joins the system, make
 29 an irrevocable election under this subsection to have the years of service that the
 30 employee earns as a noncertificated employee determined using the table for service
 31 on or after July 1, 1969, that is set out in the definition of "year of service" in

1 AS 14.25.220. A noncertificated employee of a school district or regional educational
2 attendance area who is an active member of the system on the effective date of this
3 Act may, within 180 days after the effective date of this Act, make the irrevocable
4 election. A member of the system who is an inactive member on the effective date
5 of this Act and who later is employed as a noncertificated employee of a school
6 district or regional educational attendance area may, within 90 days after beginning the
7 subsequent employment, make the irrevocable election. An election under this
8 subsection shall be made in writing on a form provided by the administrator. The
9 election applies to the employee's service earned for the school year in which the
10 election is accepted by the administrator and applies to all subsequent employment as
11 a noncertificated employee of a state boarding school, a school district or regional
12 educational attendance area, or the Alaska Vocational Technical Center. An employee
13 who makes an election under this subsection shall pay the contribution surcharge as
14 set out in AS 39.35.160(c).

15 * Sec. 4. This Act takes effect July 1, 1999.

GARY WILKEN

SENATOR
Districts 29 & 30
West Fairbanks



During Session:
State Capitol, Room 510
Juneau, Alaska 99801-1182
(907) 465-3709 (v)
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[www: akrepublicans.org/wilken.htm](http://www.akrepublicans.org/wilken.htm)
E-mail: Senator_Gary_Wilken@legis.state.ak.us

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Fairbanks, Alaska 99701
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Fax (907) 452-3426

Special Committee

Member: Administrative Regulation Review

SENATE BILL 9

SPONSOR STATEMENT

"An Act relating to the calculation of employee contributions and credited service in the public employees' retirement system for non-certificated employees of school districts, regional educational attendance areas, the Alaska Vocational Technical Center, and the state boarding schools, and providing for an effective date."

Senate Bill 9 is not a new proposal. For many years the question of whether support staff of our schools should have the same retirement benefits as their certified counterparts has gone unanswered. Senate Bill 9 will fix this inequity.

Approximately 6,600 Alaskan residents are dedicated, full-time, non-certified employees in our school systems. Non-certificated employees, also referred to in many school districts as "classified" employees, include custodians, cafeteria workers, teachers aides, and administrative staff. They typically work the same schedule as our teachers, from September to May, leaving their summer schedules open to the pursuit of other seasonal employment activities. However, those seasonal employment activities rarely provide for retirement considerations. Therefore, each working year contains a three-month gap where retirement benefits do not accrue. As a consequence, a non-certificated employee having worked for 30 years, and seemingly eligible to retire, is faced with only 22.5 years of accrued retirement benefits.

Certified teachers get one full year of credit toward retirement when they complete the nine-month school year. Non-certified employees receive credit for the actual time served in the system, usually nine months. They are not afforded the option of contributing to their retirement account to reflect a year's service. Senate Bill 9 affords them that option, at their expense. It would be a completely voluntary program, paid for by the members themselves, thus adding no on-going financial burden to the State or to the local school districts.

Please join me in endorsing this legislation. It speaks to fairness, and demonstrates the appreciation that all Alaskan schools' support staff deserve.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 22, 1999

SUBJECT: Sectional Summary of SB 9. (Noncertificated school district employee retirement credit under PERS)

TO: Senator Gary Wilken
Attn: Tim

FROM: Teresa B. Cramer 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 adds a new subsection to AS 39.35.160 imposing a surcharge on those noncertificated employees who exercise the choices offered in bill sections 2 and 3 to have their credited service under the Public Employees' Retirement System (PERS) figured using the formula that applies to teachers under the Teachers' Retirement system (TRS). The amount of the surcharge is the amount the employer would have had to pay if the employee's credited service had been counted using the TRS formula less the amount that the employer already paid under the regular PERS formula.

Sec. 2 adds a subsection to AS 39.35.300 to permit noncertificated employees of state schools (the Alaska Vocational Technical Center and Mt. Edgecumbe) to elect to have their employment as noncertificated employees of a school counted using the table set out in TRS. Under that table, an employee who works 172 days or more in a school year receives credit for a year of service. The election is irrevocable and applies to all subsequent employment as a noncertificated employee -- whether the employer is the state or a school district or a regional educational attendance area.

For newly hired employees, the choice has to be made within 90 days after first being hired and joining the retirement system. For existing employees, the choice has to be made within 180 days after the Act takes effect. (There is a July 1, 1999 effective date for the Act.) For inactive PERS members (people who are no longer working for a PERS employer but who have not yet retired) who later become reemployed by a PERS employer, the choice has to be made within 90 days after beginning the subsequent employment.

Senator Gary Wilken
February 20, 1999
Page 2

Sec. 3 adds a new subsection to AS 39.35.310, providing noncertificated employees of school districts and regional educational attendance areas with the same choice under the same conditions as are provided noncertificated employees of a state-run school by bill section 2.

Sec. 4 is a July 1, 1999, effective date for the Act.

TC:pl
99-020.plm

GARY WILKEN

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